DEPARTMENT OF REVENUE
WASHINGTON STATE

PROPERTY TAX INFORMATION

Property Tax Deferrals

for Senior Citizens and Disabled Persons

If you are a senior citizen or if you are disabled, Washington has two programs that may help you to pay your property taxes and/or special assessments. Your household income and your age or disability determine your eligibility for both programs.

This publication provides a basic description of the property tax deferral program for senior citizens and persons with disabilities. It is current at the time of publication, however, future law changes may make some of this information incorrect. This material is intended for general information purposes; it does not alter or supersede any administrative regulations or rulings issued by the Department of Revenue.

The Senior Citizens and Disabled Persons Property Tax and Special Assessment Deferral Program postpones payment of your property taxes. Unlike the exemption program, this program is not a reduction of your taxes. (See fact sheet titled *Property Tax Exemptions for Senior Citizens and Disabled Persons*.) On your behalf, the Department of Revenue pays the property taxes and special assessments.

A special assessment is for a local improvement that directly benefits your property. Examples include assessments for sewers, lights, water, paving, or curbing. Special assessments are also known as Local Improvement Districts (LIDs) or Utility Local Improvement Districts (ULIDs).

The amount of the postponed taxes and/or special assessments, plus eight percent interest, becomes a lien in favor of the state until the total amount is repaid (repayment is discussed further on in this publication). The lien, filed with the county auditor, shows the state of Washington as having an interest in your property.
You must be at least 60 years old on December 31 of the year in which you apply,

Eligibility Requirements

Age or Disability

or you must be unable to work because of a physical disability. As proof of disability, you must send a doctor's statement with your application.

Household Income

Your annual household income may not exceed $40,000. If your household income is less than $35,000, you should apply for the exemption program before making an application for the deferral.

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Household income includes your disposable income, that of your spouse, and any co-tenants. A co-tenant is a person living in your home who also has an ownership interest. Household income does **not** include:

- the income of a person, other than a spouse, who does not have ownership interest and lives in your home. However, the application must show any income the person contributes to the household.
- the income of the person who has ownership interest and lives elsewhere. However, if someone living elsewhere has ownership interest, the amount of your deferral will be based on the percentage of YOUR interest in the property.

Ownership

The deferral is available for your principal home and up to five acres of land. Mobile homes may qualify as your residence, even if you do not own the land where the mobile home is located.

The property must be your principal home at the time you apply for the deferral. You must occupy the home for at least six months each year.

Your residence may qualify even if your are temporarily in a hospital, nursing home, or boarding home licensed under RCW 18.20.030 or adult family home licensed under RCW 20.128.050. You may rent your residence to someone else during your hospital, nursing home, boarding home, or adult family home stay, if the income is used to pay the hospital, nursing home, boarding home, or adult family home costs.

Property used as a vacation home is not eligible for this deferral program.

You must own the property in total (fee owner) or under a contract purchase.

The lien holder or beneficiary must co-sign the application for deferral if all of the following occurs:

- The property is under mortgage, purchase contract, or a deed of trust.
- The mortgage or purchase contract requires a reserve account for the payment of taxes.
- The lien holder or beneficiary wants their lien to have priority over the deferred tax lien.

You are NOT eligible to defer your taxes if you have a:

- life estate.
- lease for life.
- share ownership in a cooperative housing unit.

Insurance

You need to keep in force a fire and casualty insurance policy in an amount large enough to protect the interest of the state of Washington. The insurance policy must show the state of Washington as a loss payee. You must provide the Department of Revenue with a copy of the policy within 60 days of application.

If you do not carry a fire and casualty insurance policy, you may only defer property taxes and special assessments based on the amount of your equity in the land only.

Amount Eligible for Deferral

The amount of equity you have in your home determines the amount of property taxes and/or special assessments eligible for deferral. Equity is the difference between the assessed value of the property and debts secured by the property. You must provide current balances for all debts that are secured by the property.

Providing you meet all qualifications and maintain adequate fire and casualty insurance, you may defer taxes and special assessments in an amount up to 80 percent of your equity. If you meet the qualifications, but do not maintain adequate insurance, you may only defer an amount equal to that of the equity you have in the land.

Computing Disposable Income

The maximum amount of annual income you may receive to qualify for the deferral is $40,000. The disposable income you receive determines your eligibility. Disposable income includes all sources, whether or not they are taxable for federal income tax purposes. Losses and depreciation may not be deducted. Some of the most common sources of income include:

- Wages, salaries, and tips.
- Social Security benefits.
- Railroad retirement benefits.
- Pension and annuity receipts, including retirement bonds, Individual Retirement Accounts, and distributions from Keogh plans. An annuity is a payment of a fixed sum of money received at regular intervals. Some examples of annuity payments include unemployment compensation, disability payments, and welfare receipts (excluding amounts received for the care of dependent children).
- Interest and dividend receipts.
- Business income. Depreciation and business losses may not be deducted.
- Rental income. Depreciation and rental losses may not be deducted.
- Capital gains.

If you were retired for two or more months during the application year, your household income will be computed by multiplying the average monthly disposable income received during the months you were retired by twelve. If your spouse died before November 1 of the application year, your household income is computed by multiplying the average monthly disposable income, after the death, by twelve.

Deductions from Disposable Income

When you compute your disposable income, you may take deductions for the following:

- Capital gains you receive from the sale of your principal residence, IF the gain is reinvested in a replacement principal residence.
- Non-reimbursed amounts you pay for your spouse or yourself to live in a nursing home, boarding home, or adult family home.
- Insurance premiums for Medicare under Title XVIII of the Social Security Act.
- Non-reimbursed amounts paid for prescription drugs for yourself or your spouse.
- Non-reimbursed amounts you pay for goods and services that allow you or your spouse to receive in-home care. The care received must be similar to the care provided by a nursing home.
- Medical treatment, physical therapy, Meals on Wheels (or similar meal delivery service), and household and personal care. Personal care includes assistance with preparing meals, getting dressed, eating, taking medications, or areas of personal hygiene.
- Special furniture and equipment, such as wheelchairs, hospitals beds, and oxygen.

How to Apply

Your county assessor administers this program. Applications are available from that office.

Filing Period

You should apply with the county assessor at least 30 days before payment of the property taxes and/or special assessments are due.

If you apply late, the county or city treasurer will assess late penalties and interest. Late penalties and interest will increase the amount of the lien filed by the state. If you are applying to stop the county treasurer from foreclosing for unpaid taxes, you must apply within 30 days of receiving the foreclosure notice.

Annual Application

You must apply each year you want to defer the taxes.

Signing the Application

You, your agent, or your legal guardian must sign the application. If the contract purchase agreement, deed of trust, or mortgage requires a reserve account for the payment of property taxes, the lien holder's notarized signature must also be on the application if the lien holder or beneficiary wants their lien to have priority over the deferred tax lien.

Appeal Process

The county assessor must notify you if your application is denied. You may appeal the assessor's decision to the County Board of Equalization. The County Board of Equalization must receive your appeal by July 1, or within 30 days of when the denial notice was mailed, whichever date is later.

Repayment of Deferred Amounts

The deferred amount and interest must be repaid when one of the following occurs:

- The property is transferred or conveyed to someone else.
- You pass away, unless your spouse files an application with the county assessor within 90 days of your death.
- You no longer permanently reside at the residence.
- Fire and casualty insurance is not kept in an amount sufficient to protect the interest of the state and the deferred amount exceeds 100 percent of equity of the land value.
- The deferred amount, plus interest, exceeds 80 percent of the equity in the insured value of the residence, plus the land value.

For More Information

If you have any questions regarding the property tax deferral for senior citizens or disabled persons, contact your local county assessor's office at the telephone number listed in the blue pages of your telephone book.

Or you may contact:

State of Washington
Department of Revenue
Property Tax Division
Post Office Box 47471
Olympia, Washington 98504-7471
FAX: (360) 586-7602
Telephone: (360) 570-5867

Laws and Rules

Revised Code of Washington (RCW) Chapter 84.38—Deferral of Special Assessments and/or Property Taxes

Washington Administrative Code (WAC) Chapter 458-18—Property Tax - Abatements, Credits, Deferrals, and Refunds

The Department of Revenue will provide copies of specific laws and rules, upon request. Please call our Telephone Information Center at 1-800-647-7706 for this service.

To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 705-6715. Teletype (TTY) users, please call 1-800-451-7985.

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